

To: Lithuanian Securities Commission
Konstitucijos ave. 23
LT-08105 Vilnius, Lithuania

CONFIRMATION OF RESPONSIBLE PERSONS

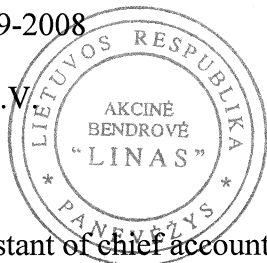
Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Martynas Jasinskas, Director of AB "Linus", and Daiva Vaičiurgienė, assistant of chief accountant of AB "Linus", hereby confirm that, to the best of our knowledge, the attached not audited AB "Linus" Interim Consolidated Financial Statements of for the six months of 2008, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

ENCLOSURE: AB "Linus" Interim Consolidated Financial Statements of for the six months of 2008 (16 pages).

Director of AB „Linus“

15-09-2008

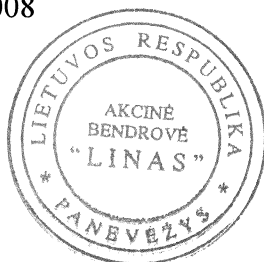
A.V.



Assistant of chief accountant of AB „Linus“

15-09-2008

A.V.



Martynas Jasinskas

Daiva Vaičiurgienė

linas

AB „Linás“

**Consolidated Interim Financial Statement
of for the six months of 2008**

2008 06 30

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CONSOLIDATED BALANCE

Formulated according to TFAS, not audited
Current period 01 01 2008 - 30 06 2008

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No.	TURTAS	2008-06-30	2007-12-31	2008-06-30	2007-12-31
A.	Long-term assets	13.753.699	13.012.238	12.231.452	23.762.211
I.	Intangible assets	103.793	72.403	56.205	4.474
I.1.	Developmental works	0	0	0	0
I.2.	Prestige	0	0	0	0
I.3.	Patents, licenses	323	358	0	0
I.4.	Software	90.927	58.666	52.011	0
I.5.	Other intangible assets	12.543	13.379	4.194	4.474
II.	Tangible assets	7.771.842	7.154.291	501.308	243.433
II.1.	Land	0	0	0	0
II.2.	Buildings	0	0	0	0
II.3.	Structures	0	0	0	0
II.4.	Machinery and equipment	5.812.423	5.558.568	0	0
II.5.	Means of transport	520.716	255.515	296.036	0
II.6.	Other equipment, appliances, instruments and gear	820.782	810.954	9.668	7.704
II.7.	Constructions in progress	0	0	0	0
II.8.	Other tangible assets	422.317	328.525	0	35.000
II.9.	Investial assets	195.604	200.729		
III.	Financial assets	5.328.362	5.235.842	11.649.298	23.489.663
III.1.	Investments to affiliates and associated companies	0	0	6.320.936	6.300.936
III.2.	Loans to affiliates and associated companies	0	0	0	0
III.3.	Amounts received after one year	5.328.362	5.235.842	5.328.362	17.188.727
III.4.	Other financial assets	0	0	0	0
IV.	Other long-term assets	549.702	549.702	24.641	24.641
IV.1.	Deferred corporation tax assets	549.702	549.702	24.641	24.641
IV.2.	Other long-term assets	0	0	0	0
B.	Short-term assets	28.700.275	33.194.830	23.868.855	9.596.095
I.	Stocks, prepayments and contracts in progress	15.093.024	16.608.747	305.334	58.382
I.1.	Stocks	14.807.437	16.326.999	280.512	49.395
I.1.1.	Raw materials and consumables	1.334.957	2.027.840	88.677	49.395
I.1.2.	Work in progress	6.677.291	8.035.645	0	0
I.1.3.	Finished products	6.603.354	6.263.514	0	0
I.1.4.	Goods purchased for resale	0	0	0	0
I.1.5.	Other stocks	0	0	0	0
I.2.	Prepayments	285.587	281.748	24.822	8.987
I.3.	Contracts in progress	0	0	0	0
II.	Amounts receivable within one year	7.798.085	10.623.855	2.862.840	557.266
II.1.	Trade debtors	6.666.702	9.686.053	1.553.187	0
II.2.	Debts of affiliates and associated companies	0	0	0	0
II.3.	Other amounts receivable	1.131.383	937.802	1.309.653	557.266
III.	Other short-term assets	5.657.994	5.841.463	20.683.521	8.971.342
III.1.	Short-term investments	0	0	0	0
III.2.	Term deposits	0	0	0	0
III.3.	Other short-term assets	5.657.994	5.841.463	20.683.521	8.971.342
IV.	Currency and its equivalentents	151.172	120.765	17.160	9.105
	Total assets	42.453.974	46.207.068	36.100.307	33.358.306

No.	PRIVATE ASSETS AND LIABILITIES	2008-06-30	2007-12-31	2008-06-30	2007-12-31
C.	Private assets	26.594.523	32.150.232	33.161.555	32.979.387
I.	Capital	24.038.990	24.038.990	24.038.990	24.038.990
I.1.	Subscribed capital	24.038.990	24.038.990	24.038.990	24.038.990
I.2.	Signed unpaid capital (-)	0	0	0	0
I.3.	Shares premiums	0	0	0	0
I.4.	Private shares(-)	0	0	0	0
II.	Revaluation reserve (results)	0	0	0	0
III.	Reserves	8.940.398	11.214.655	8.940.398	11.214.655
III.1.	Obligatory	2.403.899	2.403.898	2.403.899	2.403.898
III.2.	For purchase of proprietary shares	0	0	0	0
III.3.	Other reserves	6.536.499	8.810.757	6.536.499	8.810.757
IV.	Profit (loss) brought forward	(6.384.865)	(3.103.413)	182.167	(2.274.258)
IV.1.	Profit (loss) of the current year	(5.555.384)	526.204	182.167	(2.274.258)
IV.1.1.	Profit (loss) acknowledged in profit (loss) report	(5.555.384)	526.204	182.167	525.742
IV.1.2.	Profit (loss) not acknowledged in profit (loss) report	0	0	0	(2.800.000)
IV.2.	Profit (loss) of the previous year	(829.155)	(3.629.617)	0	0
D.	Minority part	0	0	0	0
E.	Grants, subsidies	0	19.977	0	0
F.	Amounts payable and liabilities	15.859.451	14.036.859	2.938.752	378.919
I.	Amounts payable after one year and long-term liabilities	3.747.072	106.007	253.895	0
I.1.	Financial debts	3.680.115	39.050	253.895	0
I.1.1.	Leasing (financial rents) or similar liabilities	292.945	39.050	253.895	0
I.1.2.	To credit organizations	0	0	0	0
I.1.3.	Other financial debts	3.387.170	0	0	0
I.2.	Debts to suppliers	0	0	0	0
I.3.	Received prepayments	0	0	0	0
I.4.	Suspensions	0	0	0	0
I.4.1.	Reimbursement of liabilities and demands	0	0	0	0
I.4.2.	Pensions and similar liabilities	0	0	0	0
I.4.3.	Other suspensions	0	0	0	0
I.5.	Suspended taxes	62.408	62.408	0	0
I.6.	Other amounts payable and long-term liabilities	4.549	4.549	0	0
II.	Amounts payable within one year and short-term liabilities	12.112.379	13.930.852	2.684.857	378.919
II.1.	Short term portion of long-term debts	30.427	10.010	24.497	0
II.2.	Financial debts	(34.115)	2.958.647	0	0
II.2.1.	To credit organizations	0	2.958.647	0	0
II.2.2.	Other financial debts	(34.115)	0	0	0
II.3.	Debts to suppliers	8.368.885	7.479.743	2.362.245	96.473
II.4.	Received prepayments	163.747	80.955	37.462	15.109
II.5.	Liabilities of income taxes	0	0	0	0
II.6.	Liabilities related to work relations	3.008.017	2.314.570	149.159	29.798
II.7.	Suspensions	0	0	0	0
II.8.	Other amounts payable and short-term liabilities	575.418	1.086.927	111.494	237.539
	Total proprietary capital and liabilities	42.453.974	46.207.068	36.100.307	33.358.306

PROFIT (LOSS) REPORT OF THE GROUP

Formulated according to TFAS, not audited
 Current period 01 01 2008 - 30 06 2008

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	ARTICLES	I st half of 2008	I st half of 2007	II nd quarter of 2008	II nd quarter of 2007
I.	SALE INCOME	25.182.785	32.016.270	11.637.873	15.588.399
I.1.	Production of textile products	24.962.224	31.852.839	11.529.563	15.509.831
I.1.1.	Income for sold goods	24.865.248	31.630.583	11.466.624	15.449.077
I.1.2.	Income for sold services	96.976	222.256	62.939	60.754
I.2.	Management of financial assets	220.561	163.431	108.310	78.568
II.	SALE COST PRICE	24.374.438	24.237.085	10.825.999	11.722.181
II.1.	Production of textile products	24.371.278	24.197.483	10.832.599	11.682.579
II.1.1.	Cost price of sold production	24.312.948	24.070.692	10.792.953	11.652.020
II.1.2.	Cost price of sold services	58.330	126.791	39.646	30.559
II.2.	Cost price of financial assets management	3.160	39.602	(6.600)	39.602
III.	GROSS PROFIT (LOSS)	808.347	7.779.185	811.874	3.866.218
IV.	OPERATING EXPENSES	6.594.504	7.559.720	3.184.857	3.749.422
IV.1	Sale	2.640.324	3.413.656	1.183.488	1.669.296
IV.2	General and administrative	3.954.180	4.146.064	2.001.369	2.080.126
V.	PROFIT (LOSS) OF STANDARD ACTIVITY	(5.786.157)	219.465	(2.372.983)	116.796
VI.	OTHER OPERATIONS	378.651	151.441	207.853	81.880
VI.1.	Income	594.152	295.037	359.381	203.523
VI.2.	Expenses	215.501	143.596	151.528	121.643
VII.	FINANCIAL AND INVESTMENT ACTIVITIES	(147.877)	209.270	(70.869)	(32.935)
VII.1.	Income	27.889	273.422	27.166	11.325
VII.2.	Expenses	175.766	64.152	98.035	44.260
VIII.	PROFIT (LOSS) FROM ORDINARY ACTIVITIES	(5.555.383)	580.176	(2.235.999)	165.741
IX.	EXTRAORDINARY GAIN	0	0	0	0
X.	EXTRAORDINARY LOSSES	0	0	0	0
XI.	PROFIT (LOSS) BEFORE TAXES	(5.555.383)	580.176	(2.235.999)	165.741
XII.	PROFIT TAX	0	0	0	0
XIII.	PROFIT (LOSS) BEFORE MINORITY PART	(5.555.383)	580.176	(2.235.999)	165.741
XIV.	MINORITY PART	0	0	0	0
XV.	NET PROFIT (LOSS)	(5.555.383)	580.176	(2.235.999)	165.741

PROFIT (LOSS) REPORT OF THE COMPANY

Formulated according to TFAS, not audited
 Current period 01 01 2008 - 30 06 2008

LTL

	ARTICLES	I st half of 2008	I st half of 2007	II nd quarter of 2008	II nd quarter of 2007
I.	SALE INCOME	558.776	497.839	276.563	239.758
I.1.	Production of textile products	0	(111)	0	(111)
I.1.1.	Income for sold goods	0	(111)	0	(111)
I.1.2.	Income for sold services	0	0	0	0
I.2.	Management of financial assets	558.776	497.950	276.563	239.869
II.	SALE COST PRICE	3.160	39.602	(6.600)	39.602
II.1.	Production of textile products	0	0	0	0
II.1.1.	Cost price of sold production	0	0	0	0
II.1.2.	Cost price of sold services	0	0	0	0
II.2.	Cost price of financial assets management	3.160	39.602	(6.600)	39.602
III.	GROSS PROFIT (LOSS)	555.616	458.237	283.163	200.156
IV.	OPERATING EXPENSES	433.994	256.282	272.745	130.009
IV.1	Sale	11.632	(3.842)	11.632	0
IV.2	General and administrative	422.362	260.124	261.113	130.009
V.	PROFIT (LOSS) OF STANDARD ACTIVITY	121.622	201.955	10.418	70.147
VI.	OTHER OPERATIONS	52.686	(19)	52.686	(19)
VI.1.	Income	63.962	50	63.962	50
VI.2.	Expenses	11.276	69	11.276	69
VII.	FINANCIAL AND INVESTMENT ACTIVITIES	7.860	257.073	(4.286)	(38)
VII.1.	Income	12.460	257.158	191	36
VII.2.	Expenses	4.600	85	4.477	74
VIII.	PROFIT (LOSS) FROM ORDINARY ACTIVITIES	182.168	459.009	58.818	70.090
IX.	EXTRAORDINARY GAIN	0	0	0	0
X.	EXTRAORDINARY LOSSES	0	0	0	0
XI.	PROFIT (LOSS) BEFORE TAXES	182.168	459.009	58.818	70.090
XII.	PROFIT TAX	0	0	0	0
XIII.	PROFIT (LOSS) BEFORE MINORITY PART	182.168	459.009	58.818	70.090
XIV.	MINORITY PART	0	0	0	0
XV.	NET PROFIT (LOSS)	182.168	459.009	58.818	70.090

REPORT OF OWN CAPITAL CHANGES OF LINAS AB GROUP

30 June, 2008

LTL

	Paid-up authorized capital	Additions to shares	Proprietary shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves		Profit (loss) brought	Total	
				Long-term tangible	Financial assets	Obligatory	Proprietary shares	Support reserves and	Other reserves			
				4	5	6	7	8	9			
	1	2	3								10	11
Remainder on 31 December, 2006	24.038.990	0	0	0	0	2.424.243	0	279.445	8.765.909	(3.884.559)	31.624.028	
Profit/loss not acknowledged in profit (loss) report										(2.800.000)	(2.800.000)	
Contribution of shareholders to cover losses										2.800.000	2.800.000	
Net profit / loss of the current period										580.176	580.176	
Formed reserves								30.757	8.780.000	(8.810.757)	0	
Liquidates reserves						(20.345)		(279.445)	(8.765.909)	9.065.699	0	
Remainder on 30 June, 2007	24.038.990	0	0	0	0	2.403.898	0	30.757	8.780.000	(3.049.441)	32.204.204	
Profit/loss not acknowledged in profit (loss) report											0	
Net profit / loss of the current period										(53.972)	(53.972)	
Formed reserves											0	
Liquidates reserves											0	
Remainder on 31 December, 2007	24.038.990	0	0	0	0	2.403.898	0	30.757	8.780.000	(3.103.413)	32.150.232	
Profit/loss not acknowledged in profit (loss) report											0	
Net profit / loss of the current period										(5.555.709)	(5.555.709)	
Formed reserves								26.499	6.510.000	(6.536.499)	0	
Liquidates reserves								(30.757)	(8.780.000)	8.810.757	0	
Remainder on 30 June, 2008	24.038.990	0	0	0	0	2.403.898	0	26.499	6.510.000	(6.384.864)	26.594.523	

REPORT OF OWN CAPITAL CHANGES OF LINAS AB

30 June, 2008

LTL

	Paid-up authorized capital	Additions to shares	Proprietary shares (-)	Revaluation reserve (results)		Law covered reserves		Other reserves		Profit (loss) brought	Total
				Long-term tangible	Financial assets	Obligatory	Proprietary shares	Support reserves and	Other reserves		
				4	5	6	7	8	9		
Remainder on 31 December, 2006	24.038.990	0	0	0	0	2.403.899	0	0	8.665.909	144.848	35.253.646
Profit/loss not acknowledged in profit (loss) report										(2.800.000)	(2.800.000)
Contribution of shareholders to cover losses											0
Net profit / loss of the current period										459.009	459.009
Formed reserves								30.757	8.780.000	(8.810.757)	0
Liquidates reserves									(8.665.909)	8.665.909	0
Remainder on 30 June, 2007	24.038.990	0	0	0	0	2.403.899	0	30.757	8.780.000	(2.340.991)	32.912.655
Profit/loss not acknowledged in profit (loss) report											0
Net profit / loss of the current period										66.733	66.733
Formed reserves											0
Liquidates reserves											0
Remainder on 31 December, 2007	24.038.990	0	0	0	0	2.403.899	0	30.757	8.780.000	(2.274.258)	32.979.388
Profit/loss not acknowledged in profit (loss) report											0
Net profit / loss of the current period										182.167	182.167
Formed reserves								26.499	6.510.000	(6.536.499)	0
Liquidates reserves								(30.757)	(8.780.000)	8.810.757	0
Remainder on 30 June, 2008	24.038.990	0	0	0	0	2.403.899	0	26.499	6.510.000	182.167	33.161.555

CURRENCY CIRCULATION REPORT
30 June, 2008

Formed in direct pattern, not audited

LTL

No	Straipsniai	1 st half of 2008	1 st half of 2007	1 st half of 2008	1 st half of 2007
I.	Primary activity currency circulation	0	0	0	0
I.1.	Earnings of report period (including VAT)	30.067.626	31.853.400	1.799.818	465.758
I.1.1.	Earnings from clients	26.119.201	31.211.154	117.655	481
I.1.2.	Interest of financial assets ruling	578.648	0	289.561	0
I.1.3.	Other earnings	3.369.777	642.246	1.392.602	465.277
I.2.	Report period payouts	(28.996.383)	(32.343.591)	(1.908.895)	(522.685)
I.2.1.	Payouts to suppliers of products and raw materials (including VAT)	(17.354.215)	(21.063.558)	(179.787)	(163.940)
I.2.2.	Monetary payouts related to work relations	(9.665.554)	(10.021.282)	(137.391)	(57.429)
I.2.3.	Taxes paid to budget	(262.757)	(770.979)	(38.280)	(53.671)
I.2.4.	Other payouts	(1.713.857)	(487.772)	(1.553.437)	(247.645)
	Cash circulation of primary activity	1.071.243	(490.191)	(109.077)	(56.927)
II.	Currency circulation of investment activity	0	0	0	0
II.1.	Procurement of long-term assets (excluding investments)	(722.229)	(2.855.009)	(51.135)	(209.575)
II.2.	Transfer of long-term assets (excluding investments)	598	8.700	0	0
II.3.	Procurement of long-term investments	(20.000)	0	(20.000)	0
II.4.	Procurement of short-term investments	0	0	0	0
II.5.	Transfer of short-term investments	0	0	0	0
II.6.	Transfer of long-term investments	0	0	0	0
II.7.	Provision of loans	0	266.950	0	266.950
II.7.1.	Return of loans	(4.000)	(58.450)	0	(35.000)
II.7.2.	Received dividends	0	0	0	0
II.7.	Provision of loans	(4.000)	(23.450)	0	0
II.8.	Return of loans	0	(35.000)	0	(35.000)
II.8.1.	Other currency circulation decreases of investment activities	14.249	38.777	230.660	37.333
II.8.2.	Iš imonės darbuotojų	(1)	0	216.410	0
II.8.	Return of loans	0	1.444	0	0
II.9.	Received dividends	14.250	37.333	14.250	37.333
II.10.	Interests received for loans granted	0	0	0	0
II.11.	Other currency circulation increases of investment activities	0	0	0	0
II.12.	Other currency circulation decreases of investment activities	0	0	0	0
	Cash circulation of investment activity	(731.382)	(2.599.032)	159.525	59.708
III.	Currency circulation of financial activity	0	0	0	0
III.1.	Currency circulation related to company owners	0	0	0	0
III.1.1.	Emission of shares	0	(194)	0	(194)
III.1.2.	Owners' contributions to loss reimbursements	0	0	0	0
III.1.3.	Procurement of own shares	0	0	0	0
III.1.4.	Payout of dividends	0	0	0	0
III.2.	Currency circulation related to other financial sources	0	(194)	0	(194)
III.2.1.	Increase of financial debts	266.447	2.957.365	(42.356)	0
III.2.1.1.	Receipt of loans from credit institutions	7.659.658	10.520.818	0	0
III.2.1.2.	Receipt of loans from associated and third parties	7.439.658	10.520.818	0	0
III.2.1.3.	Influence for loans of change of currency rate	220.000	0	0	0
III.2.1.4.	Emission of bonds	0	0	0	0
III.2.2.	Reduction of financial debts	0	0	0	0
III.2.2.1.	Return of loans to credit institutions	(7.393.629)	(7.563.520)	(42.170)	0
III.2.2.2.	Return of loans to associated and third parties	(7.008.562)	(7.562.730)	0	0
III.2.2.3.	Procurement of own bonds	(220.000)	0	0	0
III.2.2.4.	Returned interests	0	0	0	0
III.2.2.5.	Leasing (financial rent) payments	(120.320)	0	(1.503)	0
III.2.2.6.	Influence for loans of change of currency rate	(44.747)	(790)	(40.667)	0
III.2.3.	Interests received for bank accounts	0	0	0	0
III.2.4.	Increase of company's other liabilities	418	67	13	0
III.2.5.	Currency buying-selling expenses	0	0	0	0
III.2.6.	Reduction of company's other liabilities	0	0	(199)	0
III.3.	Other increases of currency circulation of financial activity	0	0	0	0
III.4.	Other reductions of currency circulation of financial activity	873	105	0	0
	Cash circulation of financial activity	(15.191)	(18.597)	0	(43)
IV.	Currency circulation of special articles	252.129	2.938.679	(42.356)	(237)
V.	Impact of currency exchange rates to cash and equivalent currency remainder	0	0	0	0
		(3.062)	1.753	(39)	51
VI.	Net currency circulation increase (reduction)	588.928	(148.791)	8.055	2.595
VII.	Currency and currency equivalents at the beginning of the period	120.765	2.372.478	9.105	2.019.125
VIII.	Currency and currency equivalents at the end of the period	709.693	2.223.687	17.160	2.021.720

LINAS AB

EXPLANATORY MEMORANDUM OF INTERIM FINANCIAL STATEMENT

30 June, 2008

1.GENERAL

As of 30 June, 2008, the AB "Linās" group (further called as the Group) of companies consisted of mother company AB "Linās" and its daughter companies UAB "Lino audiniai", corporate identification number 1485 32327, UAB "Lino aptarnavimas", number corporate identification is 3017 33535, UAB "Lino apdaila" 3017 33421. All of daughter companies are registered at address S.Kerbedžio Street 23, Panevėžys.

The main Group activity – production of textile items. Since June, 2008 AB "Linās" started to execute the activity of sales of linen textile items; other activity of the company – management of financial asset (shares and lend loans). During 1st half of 2008 the activity of linen textile items production was executed in UAB "Lino apdaila". Till June 30, 2008 UAB "Lino apdaila" and UAB "Lino aptarnavimas" haven't executed any activity.

The Company and its daughter companies do not have subsidiaries and representatives.

Authorized capital of AB "Linās" is 24.038.990 Lt, it is divided into 24.038.990 denominative equity shares the nominal value of which is 1 Lt, there are no issued and not paid shares. There were no changes in authorized capital during accounting period.

The main incomes of group of companies was received from the activity of textile goods production during the 1st half of 2008. AB "Linās" group of companies sold linen textile goods and services for 25.183 thousand Lt during the 1st half of 2008. Comparing to the 1st half of 2007 the volume of sales increased by 6.833 thousand Lt or 21,34 per cent. During 01-06 months of 2008 Group had 5,556 thousand Lt loss and the result of the same period of 2007 was 580 thousand Lt profit before taxation. During 04-06 months of 2008 Group had 2.236 thousand loss and the result of the same period of 2007 was 166 thousand profit before taxation.

UAB „Lino audiniai“ was produced during the 1st half of year 2008: linen and tow yarns – 378,6 tons (during 1st half of year 2007 – 707 tons); raw fabrics – 1.637 thousand mtrs (1st half of year 2007 – 2.701 thousand mtrs); ready made fabrics – 1931,4 thousand mtrs (1st half of year 2007 – 2.789 thousand mtrs). 32% of all produced fabrics were used for sewn items during 1st half of year 2008 (1st half of year 2007 – 37%). At the moment company exports was 87% of its production.

Bad results of 1st of year 2008 were influenced by unfavourable situation for business – increasing inflation, increasing costs, slow-down economy. Production cost price of AB "Linās" subsidiary company UAB "Lino audiniai" increased because of expensive raw materials, increasing prices of labour force and technological energy, but the prices for sold production haven't increased because the usage of textile items slow-down during the economic crisis and because of sharp competition with the textile producers of Asia countries. UAB "Lino audiniai" incurred 5.738 thousand Lt loss during the accounting period. On June 13, 2008 the Board of AB "Linās" initiated the bankruptcy of subsidiary company after the evaluation of outside and inside business possibilities of UAB "Lino audiniai" and trying to avoid much more damage for employees, shareholders and business partners. On 2008 07 14 the judgement of Panevezys

District Court to start bankruptcy proceeding against AB "Linas" subsidiary company UAB "Lino audiniai" came into force.

In this explanatory memorandum is only important information, which show economic operations and events of interim period, which have influence of Group financial position and results of current period.

2.ACCOUNTING POLICY

The Group executes accounting and prepares financial reporting in accordance with the legal provisions of bookkeeping and accounting, and financial reporting of the Republic of Lithuania, as well as other relevant provisions, including International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

Accounting policy was not changed during the interim accounting period. Interim financial accountability is prepared in accordance the same accounting policy as annual financial accountability. Accounting policy applicable of the group of companies is more described in explanatory memorandum to the year of 2006 financial accountability.

Court judgement regarding the announcement of bankruptcy of AB "Linas" subsidiary company UAB "Lino audiniai" wasn't taken for the date of intermediate consolidated financial accountability preparation, i.e. 2008 06 30 (the bankruptcy was initiated on 2008 06 13). That is why in the financial reports of this company succession principle was applied. For 2008 06 30 date all property and liabilities were not accounted as short-term and were not evaluated at net value of possible realization and liabilities - at the sums of final settlement. Recalculations of intermediate six months financial accountability in the financial reports of UAB "Lino audiniai" were not done for that date because of huge work volumes.

3.NOTES OF THE MEMORANDUM

3.1. The information about the situation of Group's debts for credit institutions is presented in table 1.

3.2. The information about the changes Group's long-term intangible assets and long-term tangible assets is presented in tables 2 and 3.

3.3. The information about textiles items production business branches and geographical areas segments disclosed in tables 4 and 5.

3.4. The information on Group's operating expenses (Table 6 "Operating expenses").

3.5. The information on the revenue and expenses of other (non typical) operating of the Group. (Table 7 "Other (non typical) activity").

3.6. Financial and investment activity of the Group, revenue and expenses shown by material items in table "Financial and investment activity"(Table 8).

3.7. The monetary assets and liabilities items were converted into litas at the currency rate of the balance making date.

Table 1

SITUATION OF DEBTS FOR CREDIT INSTITUTIONS

Run No.	Debts for credit institutions	2008.06.30		Date of loan return	2007.06.30		Date of loan return
		Amount of loan currency	Amount of loan in LTL		Amount of loan currency	Amount of loan in LTL	
1.	Enterprise debts for credit institutions, payable in LTL		0 LTL*			53.834 LTL	2012-05-20
2.	Enterprise debts for credit institutions, payable in EUR	0 EUR**	0 LTL		856.721 EUR	2.958.088 LTL	
2.1.					549.250 EUR	1.896.452 LTL	2007-06-30
2.2.					307.471 EUR	1.061.636 LTL	2007-07-03 - 2007-08-06
3.	Total	0 EUR	0 LTL		0 EUR	3.011.922 LTL	

* according three-side contract, debt(1490768 LTL) 2008.06.13 from Lino audiniai, UAB take Nordic investija, UAB

** according three-side contract, debt(549235,88 EUR (1896401,65 LTL)) 2008.06.13 from Lino audiniai, UAB take Nordic investija, UAB

Table 2

CHANGES OF LINAS, LLC ENTERPRISE GROUP LONG-TERM INTANGIBLE ASSETS

Litais

Indicators	Developmental works	Prestige	Patents, licenses	Software	Other intangible assets	Total
Residual value at the end of previous financial year			357	58.666	0	59.023
a) Procurement cost price of long-term intangible assets						0
At the end of previous financial year			75.303	953.585	8.905	1.037.793
Changes of financial year			(150)	58.059	4.474	62.333
· Procurement of assets			0	58.059	4.474	62.533
· Assets, transferred to other individuals and discarded (-)			(150)	0	0	(150)
· Transcription from one article to another +/-(-)			0	0	0	0
At the end of financial year			75.153	1.011.644	13.379	1.100.176
b) Amortization						0
At the end of previous financial year			74.946	894.919	7.792	977.657
Changes of financial year			(133)	16.608	837	17.312
· Financial year amortization			16	16.608	837	17.461
· Restorational records (-)			0	0	0	0
· Assets, transferred to other individuals and discarded (-)			(149)	0	0	(149)
· Transcription from one article to another +/-(-)			0	0	0	0
At the end of financial year			74.813	911.527	8.629	994.969
e) Residual value at the end of financial year (a) - (b)			340	100.117	4.750	105.207

Table 3

CHANGES OF LINAS, LLC ENTERPRISE GROUP LONG-TERM INTANGIBLE ASSETS

(LTL)

Indicators	Developm ental works	Prestige	Patents, licenses	Software	Other intangible assets	Total
Residual value at the end of previous financial year			430	96.703	0	97.133
a) Procurement cost price of long-term intangible assets						
At the end of previous financial year			75.303	978.907	0	1.054.210
Changes of financial year			0	(21.949)	13.379	(21.949)
· Procurement of assets			0	35.800	13.379	35.800
· Assets, transferred to other individuals and discarded (-)			0	(57.749)	0	(57.749)
· Transcription from one article to another +/-			0	0	0	0
At the end of financial year			75.303	956.958	13.379	1.032.261
b) Amortization						
At the end of previous financial year			74.873	882.204	0	957.077
Changes of financial year			36	(18.815)	0	(18.779)
· Financial year amortization			36	38.876	0	38.912
· Restorational records (-)			0	0	0	0
· Assets, transferred to other individuals and discarded (-)			0	(57.691)	0	(57.691)
· Transcription from one article to another +/-			0	0	0	0
At the end of financial year			74.909	863.389	0	938.298
e) Residual value at the end of financial year (a) - (b)			394	93.569	13.379	107.342

Table 4

Information about segments of textile products production business

(LTL)

Indicators	Segments (production, goods, types of activity)												Total				
	Fabrics			Sewn products			Yarns			Noils			Production services			I st half of 2008	I st half of 2007
	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007			
Income	16.116.908	17.413.605	8.351.936	14.009.283	341.977	207.695	54.427	364	96.976	222.256	24.962.224	31.853.203					
Expenses	16.271.409	14.601.390	7.586.927	9.288.508	404.024	180.765	50.588	282	58.330	126.791	24.371.278	24.197.736					
Gross profit (losses)	-154.501	2.812.215	765.009	4.720.775	-62.047	26.930	3.839	82	38.646	95.465	590.946	7.655.467					
Operating expenses																	
Profit (losses) on typical activity	-154.501	2.812.215	765.009	4.720.775	-62.047	26.930	3.839	82	38.646	95.465	-5.650.701	346.950					

Table 5

Information about geographical segments of textile items production

(LTL)

Indicators	Segments (regions)												Total							
	Skandinavian countries						European countries			USA			Lithuania			Other countries			I st half of 2008	I st half of 2007
	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007	I st half of 2008	I st half of 2007				
Income	8.400.409	13.017.546	9.525.351	13.311.117	1.940.625	2.200.725	4.737.565	2.542.326	358.274	781.489	24.962.224	31.853.203								
Expenses	7.590.001	8.724.152	9.583.111	10.800.017	2.521.642	2.001.110	4.360.097	2.106.189	316.427	566.268	24.371.278	24.197.736								
Gross profit (losses)	810.408	4.293.394	-57.760	2.511.100	-581.017	199.615	377.468	436.137	41.847	215.221	590.946	7.655.467								
Operating expenses																				
Profit (losses) on typical activity	810.408	4.293.394	-57.760	2.511.100	-581.017	199.615	377.468	436.137	41.847	215.221	-5.650.701	346.950								

Table 6

OPERATING EXPENSES

(LTL)

Run No.	Indicators	I st half of 2008	I st quarter of 2007
1	Expenses on sales	2.576.392	3.413.657
1.1	Expenses on commissions	888.986	1.347.881
1.2	Expenses on selling services	430.649	492.293
1.3	Expenses on fairs and advertisement of production	246.673	264.316
1.4	Expenses on sales number employees wage and other with employees related relations	478.602	471.316
1.7	Expenses on packing of production	424.073	694.028
1.9.	Other sales expenses	107.409	143.823
2	General and administration expenses	4.018.440	4.146.063
2.1	Expenses on employees wage and other with employees related relations	1.578.268	1.972.928
2.2	Expenses on rent, exploitation and repair	1.248.529	1.173.987
2.3	Expenses of security services	158.583	158.583
2.4	Expenses of deterioration and amortization of non-current asset	151.545	163.712
2.6	Expenses of info technologies	211.111	146.887
2.7	Connection expenses	54.133	51.027
2.9	Various other general and administrative expenses	273.505	221.167
2.10	Expenses of activity tax	144.936	58.650
2.12	Other general and administrative expenses	197.830	199.122
3	TOTAL EXPENSES OF ACTIVITY	6.594.832	7.559.720

Table 7

OTHER (NON TYPICAL) ACTIVITY

LTL

Run.No.	Indicators	I st half of 2008	I st half of 2007
1.	INCOME OF OTHER ACTIVITY - TOTAL	594.152	295.037
	Specification of significant amount:		
1.1.	Profit of non-current asset transferring	505	7.347
1.2.	Income of various storages selling	494.611	248.100
1.3.	Income of rent	121.141	37.314
1.4.	Income of accounting and personnel hire services	6.343	2.125
1.5.	Various other non-typical activity income	37	151
2.	EXPENSES OF OTHER ACTIVITY - TOTAL	215.501	143.596
	Specification of significant amount:		
2.1.	Loss of non-current asset transferring		
2.2.	Net cost of sold various storages	200.982	128.249
2.3.	Net cost of rent	14.710	15.278
2.4.	Various other non-typical activity expenses	(191)	69
3.	RESULTS OF OTHER ACTIVITY (1-2)	378.651	151.441

Table 8

FINANCIAL AND INVESTMENT ACTIVITY

LTL

Run.No.	Indicators	I st half of 2008	I st half of 2007
1.	FINANCIAL AND INVESTMENT ACTIVITY INCOME - TOTAL	2.051	257.261
	Specification of significant amount:		
1.1.	Income of bank interests	421	67
1.2.	Income of fines and delay fees	708	
1.3.	Income of currency buying-selling	873	
1.4.	Profit of investment transferring		256.950
1.5.	Income of other financial-investment activity	49	244
2.	FINANCIAL AND INVESTMENT ACTIVITY EXPENSES - TOTAL	149.925	47.991
	Specification of significant amount:		
2.1.	Expenses of interests	112.327	21.972
2.2.	Fines and delay fees	9.295	220
2.3.	Negative result of changes of currency exchange	12.897	7.196
2.4.	Expenses of currency buying-selling	15.391	
2.5.	Expenses of other financial-investment activity	15	18.603
3.	FINANCIAL AND INVESTMENT ACTIVITY RESULT (1-2)	(147.874)	209.270